DTI says US expressing 'renewed interest' in FTA

By Justine Irish D. Tabile
Reporter

THE Department of Trade and Industry (DTI) said it is seeing "renewed interest" from the second Trump administration in exploring a bilateral free trade agreement (FTA) with the US.

"With renewed interest under the Trump administration, we are optimistic about negotiating a next-generation trade agreement that not only expands market access but also ensures the highest standards of labor rights, environmental protection, and social inclusivity," Trade Secretary Ma. Cristina A. Roque said in a statement on Wednesday.

According to the DTI, the Philippines has been working with the US to expand access to global manufacturing value chains.

"This includes exploring a potential bilateral FTA, while advocating for the reauthorization of the Generalized System of Preferences (GSP), and pursuing the establishment of a critical minerals Agreement," it added.

The Philippines was a beneficiary of the US GSP, which eliminated duties on 5,000 tariff lines. However, legal authorization for the program expired on Dec. 31, 2020.

"Exports from the Philippines to the US that were previously duty-free under the scheme are now subject to Most-Favored-Nation (MFN) tariffs," the DTI said.

"The Philippines was the fifth-largest beneficiary of the US GSP, with about $1.6 billion in duty-free exports entering the US in 2020, the last year the GSP was in effect," it added.

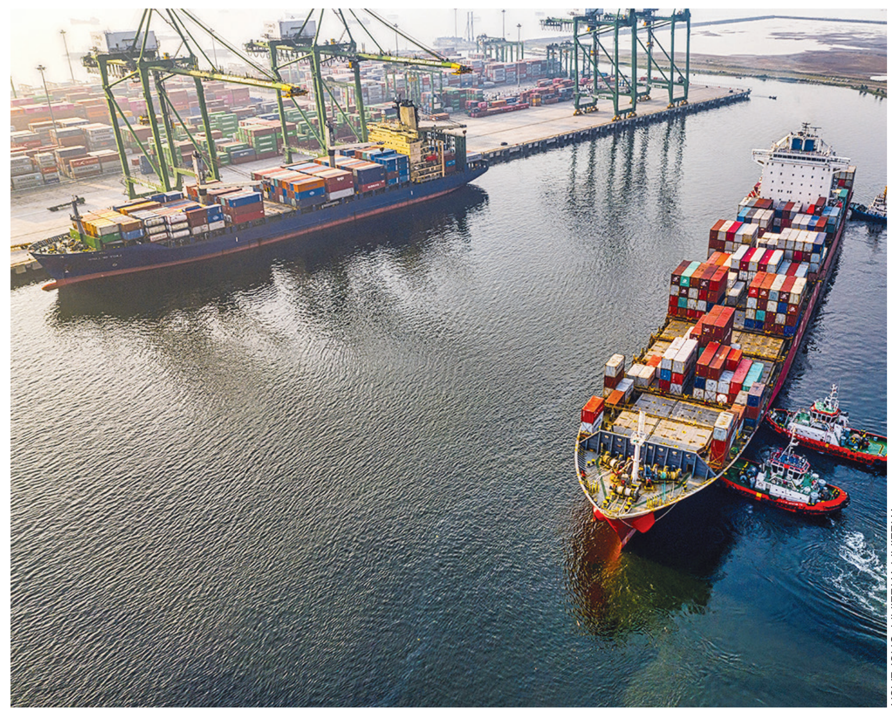
On Feb. 4, Ms. Roque attended the Parliamentary Intelligence-Security Forum, where she touted the importance of free, fair, and open trade within the Indo-Pacific region.

"The Indo-Pacific is the engine of the global economy, contributing 60% of global GDP and over 80% of global merchandise trade. The Philippines, with its strategic location and dynamic economy, is poised to shape the region's economic landscape," she said.

The Philippines participates in major free trade agreements such as the Indo-Pacific Economic Framework for Prosperity (IPEF).

"Our engagement in mechanisms like the IPEF reflects our commitment to pursue bilateral trade and overall economic interests with the US and other partner countries," she said.

"It supports strategic collaboration in priority sectors, including energy and energy transition, climate mitigation and resiliency, good governance, supply chains, and critical minerals," she added.



WILLIAM WILLIAM-UNSPLASH

Gov't procurement law IRR due next week

THE Department of Budget and Management said the new government procurement law's implementing rules and regulations (IRR) will be released next week, having been approved by the procurement board's technical experts.

The IRR was approved at a meeting led by the Government Procurement Policy Board's (GPPB) Technical Support Office on Tuesday, it said in a statement on Feb. 4.

"The GPPB approved it yesterday afternoon. We'll just clean it up, polish it, and then it will be published on Monday. You will see it on our website on Monday," Budget Secretary Amenah F. Pangandaman said on the sidelines of the 2025 Open Government Partnership Asia and the Pacific Regional Meeting.

Ms. Pangandaman, who also serves as the GPPB chair, said this will help departments and agencies enhance their budget utilization and deter corruption.

"The procurement law signed by President Ferdinand R. Marcos, Jr. in July 2024 is now hailed as the biggest anti-corruption measure in the country's recent history," she said.

Ms. Pangandaman said the law sets up an online marketplace where agencies may directly procure supplies and equipment from vetted suppliers.

The data on transactions will be disclosed at all stages of procurement, from planning to contract implementation.

One of the provisions of the IRR allows live streaming of procurement proceedings, she added. — **Aubrey Rose A. Inosante**

Fishport landed volume falls 12.09% in 4th quarter

THE catch landed at regional fishports declined 12.09% by volume year on year during the fourth quarter, according to the Philippine Fisheries Development Authority (PFDA).

In a report, the PFDA said the landed catch was 126,903.94 metric tons (MT).

On a quarter-on-quarter basis, fish volumes fell 1.8% compared with the 129,227.5 MT catch in the third quarter.

The PFDA added that the daily average of fish unloaded dropped 12.1% year on year to 1,379.39 MT. The average was 1.79% lower than a quarter earlier.

Commercial fishing was banned in several major fisheries starting in the fourth quarter, according to the Bureau of Fisheries and Aquatic Resources.

Fishing bans were in force in Northern Palawan, Ilocos, Negros Occidental, Capiz, and Cebu during the fourth quarter of the year.

Republic Act No. 8550 or the Fisheries Code imposes a three-month closed fishing season to repopulate certain fish species. The season typically ends during the first two months of the following year.

Vessel arrivals fell to 18,391, against the year-earlier 23,986.

The PFDA added that it completed the rehabilitation of regional fish ports in Davao and Sual, Pangasinan.

In a separate briefing, Agriculture Assistant Secretary and Spokesperson Arnel V. de Mesa said that fish production in the coming month is expected to recover with the resumption of fishing activities.

"Fishing is doing well now; our (fishing) areas are open again. We're expecting our fishery sector to recover," Mr. De Mesa added.

In 2024, fisheries production dropped 8.5%, reversing the 1.5% growth recorded in the prior year, according to the Philippine Statistics Authority. Total fisheries volume fell to 1.07 million MT from 1.17 million MT in 2023. — **Adrian H. Halili**

PHILIPPINE STAR/RYAN BALDEMOR

Auto body industry seeks more funding for PUV modernization

THE Automotive Body Manufacturers Association of the Philippines (ABMAP) has asked the government to prioritize and provide more funding for the stalled Public Utility Vehicle (PUV) Modernization Program.

"ABMAP is urgently calling on the government to secure additional funding and prioritize the program, which is critical not only for modernizing dilapidated, polluting, and unsafe jeepneys but also for revitalizing the automotive industry," the group said in a statement on Wednesday.

According to reports, the Development Bank of the Philippines and Land Bank of the Philippines have hit their lending limits for the program.

"The PUV Modernization Program is a transformative project that addresses multiple national issues — public safety, environmental sustainability, and economic growth," ABMAP Executive Director Edgar Manuel said.

"It is disheartening to hear that funding has run dry, especially when we are on the brink of realizing its immense benefits. We urge the government to act swiftly and allocate the necessary resources to keep this program alive," he added.

According to the group, the PUV modernization program is expected to directly support 10,000 employees of vehicle producers and parts manufacturers and indirectly support 20,000 others connected to the auto parts manufacturing industry.

"Modern PUVs are not just about improving public transport; they are about creating opportunities for manufacturers and workers," Mr. Manuel said.

"With locally produced vehicles adding 50% local value, every modern PUV supports our domestic supply chain, reduces reliance on imported parts, and strengthens the economy," he added.

ABMAP estimates that at least 100 modern jeepneys could generate up to P125 billion in economic activity on top of reducing fuel consumption and lowering operating costs.

The group proposed that the government explore alternative funding mechanisms via partnerships with private sector institutions and international development agencies.

"We need a collective effort to secure the necessary funding and keep the momentum going. The future of our public transport system and the automotive industry depends on it," Mr. Manuel said. — **Justine Irish D. Tabile**

OPINION

ID, please

TAXWISE OR OTHERWISE
FRENZ ANGELIE B. HECHANOVA

Strolling through the mall one afternoon, I came across a cafe with a poster outside bearing signage that the cafe was "deaf-friendly" in large text. It felt good to be reminded that there are still some things right in this world. The incident also highlighted the strides we are making in creating an inclusive society. Like many other things, this is a product of efforts to lobby for awareness and support the needs of Persons with Disabilities (PWDs).

A key aspect of this progress is the government's commitment to protecting the rights of PWDs. Republic Acts 9442 and 10754, known as The Magna Carta for Persons with Disability and An Act Expanding the Benefits and Privileges of Persons with Disability, respectively, provide substantial tax benefits. These laws grant PWDs a 20% discount and exemption from 12% value-added tax on certain goods and services from various establishments, including hotels, restaurants, theaters, drugstores, medical services, domestic travel, and funeral services.

To avail of the benefits, PWDs must present any of these IDs as proof of entitlement to PWD discounts and privileges: 1) ID issued by the Persons with Disability Affairs Office (PDAO) or the City or Municipal Social Welfare and Development Office (CSWDO or MSWDO) of the place where the person with disability resides; 2) passport of the person with apparent disability; or 3) ID issued by the National Council on Disability Affairs (NCDA). The same benefits and privileges are available to Filipinos who hold foreign passports but are registered as dual citizens and Filipinos who have re-acquired their Filipino citizenship through Republic Act No. 9225 or the Citizenship Retention and Re-acquisition Act of 2003.

According to the NCDA, there are 1.9 million registered PWDs as of Jan. 8, 2025. That's approximately 1.6% of the population. Just a few, if you think about it. Unfortunately, some individuals have taken advantage of the system by distributing counterfeit PWD IDs to those looking to illegitimately access the above-mentioned benefits. In 2024, both the Bacolod City and Cebu City governments discovered and confiscated numerous fake PWD IDs. The National Government has lost significant revenue due to VAT exemptions and discounts given to unqualified individuals, estimated at P88.2 billion in 2023 according to a recent BIR statement.

The misuse of fake PWD IDs contributes to the challenges faced by businesses and requires vigilant efforts to maintain the integrity of the system. Business owners, who are legally obligated to provide discounts, are heavily affected as these affect their top line, and consequently, their profit margins. Other consumers may also eventually be affected, as businesses may increase their overall prices to improve their profits, ensure that their businesses stay afloat, and help sustain their employees' livelihoods. In its official statement, the Restaurant Owners of the Philippines emphasized that "Every fraudulent discount comes directly out of a restaurant's pocket, cutting into already thin margins... it's a financial hit that can mean the difference between survival and closure."

Most importantly, it undermines the benefits intended for legitimate PWDs, disrespecting and financial harming those who genuinely need the support.

From a tax standpoint, PWD discounts are treated by businesses as a deduction from their gross income. These discounts should also be properly reflected in the invoices issued by the establishments. It is crucial that businesses keep a record of the discounts granted, including the relevant details of customers who are PWDs, including their identification numbers. Failure to do so exposes the businesses to potential disallowance of deductions for income tax, and deficiency VAT. In such cases, the businesses are effectively taxed on the discounts which they are required to give under the law.

At worst, the current tax rules also provide that, upon filing of an appropriate complaint, and after due notice and hearing, the proper authorities may also cause the cancellation or revocation of the business permit, permit to operate, franchise and other similar privileges granted to any business entity that fails to abide by the provisions of the law and regulations.

Clearly, there is a lot at stake, and the use of fraudulent IDs has significant consequences.

On a positive note, the Department of Social Welfare and Development (DSWD) and the NCDA announced that they have begun pilot-testing the unified identification system in January and it is expected to be rolled out nationwide by July 2025. The system aims to curb the misuse of PWD IDs through a centralized database. The DSWD and NCDA, in partnership with local government units (LGUs), will manage the unified ID system for PWDs. Bona fide PWDs will be issued a physical ID (a PVC card) with RFID technology and a digital ID (accessible through a mobile app or web portal) with QR codes for easy verification. This is a welcome development which I hope will be swiftly and appropriately implemented, to prevent further victims of fake PWD IDs.

Looking at our neighboring countries, similar models are being implemented. For instance, Singapore's Singpass system is a comprehensive digital ID system that includes PWD IDs, and appears to be stricter as it uses biometric data and cryptographic keys to ensure secure identification and prevent fraud. India's Aadhaar system assigns a unique identification number to each citizen, including PWDs, and uses biometric data such as fingerprints and iris scans to verify identity and prevent duplication. Estonia's e-Residency program provides digital IDs with advanced encryption and secure authentication methods, integrated with various public and private services to ensure that PWD IDs are secure and easily verifiable. Adopting these advanced security measures can help the Philippines enhance the reliability and security of its PWD ID system, ensuring that benefits reach those who truly deserve them. The creation of the unified ID system is a significant step closer to achieving a more reliable and secure system for PWDs.

As we continue to strive for an inclusive society, it is crucial that we protect these benefits from abuse. By doing so, we honor the spirit of the laws designed to uplift PWDs and reinforce our collective commitment to a fair and just society.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

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